

## Message Text

LIMITED OFFICIAL USE

PAGE 01 KINSHA 08161 01 OF 03 271356Z  
ACTION XMB-04

INFO OCT-01 AF-10 EUR-12 ISO-00 EB-08 COME-00 TRSE-00

AID-05 SS-15 SP-02 NSC-05 CIAE-00 INR-10 NSAE-00

DOE-15 SOE-02 OES-09 /098 W

-----093979 271441Z /44

R 271250Z JUL 78

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 1110

INFO AMEMBASSY BRUSSELS

AMCONSUL BUKAVU

AMCONSUL LUOUMBASHI

LIMITED OFFICIAL USE SECTION 1 OF 3 KINSHASA 8161

E.O. 11652: N/A

TAGS: EFIN CG

SUBJECT: INGA-SHABA TRANSMISSION

REF: STATE 174848

BEGIN SUMMARY: GOZ MUST SOON DECIDE ITS POLICY REGARDING FUTURE OF INGA-SHABA TRANSMISSION LINE. CIS AND SNEL DIRECTOR FAVOR FINISHING LINE IN SHORTEST POSSIBLE TIME. HOWEVER, SUCH COURSE OF ACTION WOULD INVOLVE HEAVY EXPENDITURES OF SCARCE FOREIGN EXCHANGE DURING NEXT SIX MONTHS WHICH CAN PROBABLY ONLY BE MADE BY REDURED IMPORTS OF FOOD, SPARE PARTS, AND RAW MATERIALS WHICH ARE ALREADY AT CRITICALLY LOW LEVELS. GOZ MUST DETERMINE ITS OWN PRIORITIES BUT WE ARE ENDEAVORING TO SEE THAT SENIOR GOZ OFFICIALS FOCUS ON PROBLEM.

END SUMMARY

1. USING INFORMATION FURNISHED BY CIS, SNELK DIRECTOR JACOBS HAS WRITTEN GOZ MINISTER OF ENERGY STATING THAT GOZ EXECUTIVE COUNCIL SHOULD CHOOSE AS TO WHICH OF THREE POSSIBLE ALTERNATIVES IT WISHES TO PURSUE REGARDING INGA-SHABA TRANSMISSION LINE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KINSHA 08161 01 OF 03 271356Z

ALTERNATIVES PRESENTED ARE AS FOLLOWS:

A. ALTERNATIVE 1 - STOP ALL CONSTRUCTION AND ENTER INTO CARE-TAKER STATUS FOR MAINTENANCE OF EQUIPMENT ALREADY IN COUNTRY.

B. ALTERNATIVE 2 - CONTINUE PROJECT ACTIVITIES AT THE CURRENT RHYTHM OR REDUCED RHYTHM IN CERTAIN SELECTED AREAS UP TO NEXT NOVEMBER WHEN CURRENT FUND (8,000,000 US DOLLARS) WILL DE DEPLETED.

THEN REDUCE ACTIVITIES DOWN TO CARETAKER STATUS UNTIL JUNE 1979, WHEN

LOAN AGREEMENTS WITH EXIMBANK MAY PROBABLY BE PUT INTO PLACE.

C. ALTERNATIVE 3 - TAKE ALL NECESSARY STEPS SO AS TO COMPLETE  
PROJECT TOWARDS END OF 1980.

2. JACOBS RECOMMENDED THAT GOZ CHOOSE ALTERNATIVE 3 AS IT WOULD BE  
CHEAPEST SOLUTION AND PROVIDED POWER TO SHABA AT EARLIEST POSSIBLE DATE.

3. CIS DIRECTOR ADAMS HAS RECENTLY WRITTEN JACOBS STATING IN EFFECT  
THAT SINCE GOZ HAS NOT RESPONDED TO JACOBS' LETTER NOR HAS IT TAKEN  
NECESSARY STEPS TO IMPLEMENT ALTERNATIVE 3, CIS WILL BE FORCED TO  
PROCEED TO IMPLEMENT ALTERNATIVE PLAN 2.

4. JACOBS TOLD ADAMS THAT HE STILL BELIEVES ALTERNATIVE 3 IS PREFERABLE

AND THAT HE WILL MAKE EVERY EFFORT TO PERSUADE GOZ. HE REQUESTED THAT  
ADAMS DELAY IMPLEMENTING ALTERNATIVE 2 AS LONG AS FEASIBLE.

5. ADAMS TOLD US THAT HE CAN CONTINUE AT PRESENT RATE AND  
DELAY IMPLEMENTING ALTERNATIVE 2 FOR SEVERAL MORE WEEKS. IF GOZ  
HAS NOT TAKEN ACTION BEFORE SUCH TIME HE WILL BE FORCED TO PROCEED  
WITH IMPLEMENTATION OF ALTERNATIVE 2.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KINSHA 08161 01 OF 03 271356Z

6. COMMENT: WE AGREE WITH JACOBS THAT ALTERNATIVE 3 IS MOST  
DESIRABLE SOLUTION, BUT IT WILL INVOLVE A HEAVY COMMITMENT OF  
GOZ'S SCARCE FOREIGN EXCHANGE. THE GOZ MUST DECIDE ITS PRIORITIES  
FOR ITSELF. ALL FOREIGN EXCHANGE EXPENDITURES FOR INGA-SHABA WILL  
MEAN THAT MUCH LESS AVAILABLE FOR CRITICALLY NEEDED IMPORTS OF  
FOOD, SPARE PARTS, AND RAW MATERIALS. THE GOZ MAY WELL DECIDE THAT  
ALTHOUGH DESIRABLE, IT MUST, FOR POLITICAL AND OTHER REASONS, OPT  
FOR ALTERNATIVE 2 OR 1. WE ARE ENDEAVORING TO SEE THAT GOZ SENIOR  
OFFICIALS FOCUS ON THIS PROBLEM AND CHOOSE WHICHEVER ALTERNATIVE THEY  
CONSIDER TO BE IN THEIR BEST INTERESTS.

AMBASSADOR DISCUSSED MATTER JULY 27 WITH CENTRAL BANK  
GOVERNOR BOFOSSA, WHO MADE CLEAR HE WAS AWARE OF  
DEVELOPMENTS INCLUDING EXIM LETTER TO  
AMB. KASONGO.

7. CONTENTS OF JACOBS-GOZ LETTER FOLLOW:

QUOTE: JUNE 28,1978

DEAR CITIZEN STATE COMMISSIONER:

ON APRIL 18,1978, WE PREPARED A NOTE ON THE FINANCIAL SITUATION OF THE INGA-SHABA PROJECT. THIS NOTE OUTLINED THE FINANCIAL PROBLEMS OF THE PROJECT AS THEY WERE IN APRIL, THAT IS, BEFORE THE SECOND WAR IN SHABA.

CURRENTLY, SINCE THE BASICS OF THE PROBLEM HAVE CHANGED, NEW ESTIMATES HAS TO BE MADE. CIS ESTIMATES THAT IT WILL COST APPROXIMATELY

129 MILLION DOLLARS TO COMPLETE THE PROJECT INSTEAD OF 82 MILLION PREDICTED LAST APRIL.

THIS AMOUNT IS BROKEN DOWN AS FOLLOWS:

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 KINSHA 08161 01 OF 03 271356Z

- 73,700,000 AS INITIALLY PREDICTED  
- 30,000,000 ESTIMATED COST FOR ONE YEAR DELAY ON SCHEDULE DRAWN UP IN APRIL  
- 25,000,000 ESTIMATED COST FOR REPAIRS, REPLACEMENT OF LOST OR/DAMAGED EQUIPMENT AND MATERIAL, INCLUDING ADDITIONAL COMPENSATIONS WHICH MUST BE PAID.

BUT, ACCORDING TO THE CONSORTIUM, THE FUNDS CURRENTLY AT THEIR DISPOSAL AS OF JUNE 1,1978, ARE AS FOLLOWS:

- 13,854,000 US DOLLARS IN AVAILABLE FUNDS, MINUS  
- 5,834,000 US DOLLARS REPRESENTING UNPAID COMMITMENTS, LEAVING A TOTAL AMOUNT OF  
- 8,020,000 US DOLLARS FOR CONTINUATION OF PROJECT ACTIVITIES.  
AS A RESULT OF ALL THIS, THE CIS CONSORTIUM PREPARED A PLAN OF ACTION WHICH INCLUDES THREE POSSIBLE ALTERNATIVES:

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 KINSHA 08161 02 OF 03 271346Z  
ACTION XMB-04

INFO OCT-01 AF-10 EUR-12 ISO-00 EB-08 COME-00 TRSE-00  
AID-05 SS-15 SP-02 NSC-05 CIAE-00 INR-10 NSAE-00  
DOE-15 SOE-02 OES-09 /098 W  
-----093687 271441Z /44

R 271250Z JUL 78  
FM AMEMBASSY KINSHASA  
TO SECSTATE WASHDC 1111  
INFO AMEMBASSY BRUSSELS  
AMCONSUL BUKAVU POUCH  
AMCONSUL LUBUMBASHI

LIMITED OFFICIAL USE SECTION 2 OF 3 KINSHASA 8161

ALTERNATIVE NO. 1

STOP ALL CONSTRUCTION WORK AND ENTER INTO CARETAKER STATUS FOR MAINTENANCE OF EQUIPMENT ALREADY IN-COUNTRY.

ACCORDING TO THIS ALTERNATIVE, THE PROJECT WILL BE COMPLETED 2 1/2 YEARS AFTER DISBURSEMENT OF FUNDS.

ALTERNATIVE NO. 2

CONTINUE PROJECT ACTIVITIES AT THE CURRENT RHYTHM OR REDUCED RHYTHM IN CERTAIN SELECTED AREAS UP TO NEXT NOVEMBER WHEN CURRENT FUNDS (8,000,000 US DOLLARS) WILL BE DEPLETED. THEN REDUCE ACTIVITIES DOWN TO CARETAKER STATUS UNTIL JUNE 1979, WHEN LOAN AGREEMENTS WITH EXIMBANK MAY PROBABLY BE PUT INTO PLACE.

WITH THIS HYPOTHESIS, PROJECT COULD BE COMPLETED AT THE END OF 1981.

ALTERNATIVE NO. 3

CONTINUE OPERATIONS THROUGHOUT ENTIRE PROJECT, ONLY IF THE FOLLOWING CONDITIONS ARE MET:

1. PAYMENT OF 2,500,000 US DOLLARS, WHICH REPRESENTS REMAINDER OF AMOUNT PROMISED BY THE GOVERNOR OF THE BOZ IN HIS LETTER OF MARCH 3, 1978.

2. MONTHLY PAYMENT, STARTING NEXT SEPTEMBER, OF 1,000,000 US DOLLARS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KINSHA 08161 02 OF 03 271346Z

AS AN APPROPRIATION OF THE REPUBLIC OF ZAIRE UNTIL SUCH TIME AS LONG-TERM CREDITS MAY BE DISBURSED BY EXPORT IMPORT BANK OF US, APPROXIMATELY JUNE 1979 (PROBABLE AND ESTIMATED DATE).

3. SETTING UP OF LETTERS OF CREDIT WHICH WILL ENABLE REPLACEMENT OF ALL EQUIPMENT LOST OR DAMAGED IN KOLWEZI AND MUSONOIE. THE ESTIMATED COST OF LETTERS OF CREDIT COMES TO 10,500,000 US DOLLARS.

4. ALLOCATION OF 1,000,000 ZAIRES PER MONTH TO CIS IN 1978 FOR LOCAL EXPENSES. THIS AMOUNT SHOULD BE 1,500,000 ZAIRES PER MONTH IN 1979.

5. ADEQUATE FUEL AND OTHER SUPPLIES ARE MADE AVAILABLE IN REQUIRED TIME.

IF ALL THESE CONDITIONS ARE MET, THE PROJECT COULD BE COMPLETED TOWARDS THE END OF 1980.

CONSTRUCTEURS INGA-SHABA AND SNEL BOTH RECOMMEND ALTERNATIVE NO. 3

WHICH IS BY FAR MORE ADVANTAGEOUS THAN ALTERNATIVES 1 AND 2,

FOR TWO MAIN REASONS:

- THE PROJECT WOULD BE COMPLETED APPROXIMATELY ONE YEAR SOONER  
THAN ACCORDING TO ALTERNATIVE NO. 2, WHICH WOULD SAVE A LOT OF MONEY  
IN TERMS OF PRICE REVISION AND INFLATION.

- ELECTRICAL POWER WOULD BE AVAILABLE IN SHABA ONE YEAR SOONER,  
WHICH MEANS SNEL COULD AVOID IMPORTING ENERGY FROM ZAMBIA TO MAKE UP  
FOR THE POWER DEFICIT WHICH WILL OCCUR IN THAT REGION IN 1979  
IF THE PZ PROGRAM OF GECAMINES IS CARRIED OUT. UNDER THESE CONDITIONS

,  
AND IN THE EVENT OF A GENERATOR FAILURE AT NSEKE, IT WILL COST ZAIRE  
APPROXIMATELY 14,000 US DOLLARS PER DAY IN 1979 AND APPROXIMATELY  
27,000 US DOLLARS PER DAY IN 1980 (ESTIMATED RATE) TO IMPORT  
THEIR ELECTRICITY. THIS AMOUNT WILL BE EVEN GREATER IN 1981.

THEREFORE, IT IS IMPORTANT THAT THE EXECUTIVE COUNCIL GIVE US  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KINSHA 08161 02 OF 03 271346Z

PRECISE INSTRUCTIONS ON THE ALTERNATIVE WE ARE TO CHOOSE. ANY  
HESITATION NOW WILL CAUSE IRREPLACEABLE LOSS OF TIME COSTING MILLIONS  
OF DOLLARS. SIGNED ANDRE JACOBS, PRESIDENT DELEGATE GENERAL  
UNQUOTE

8. CONTENTS OF ADAMS-JABOS LETTER FOLLOW:

QUOTE

JULY 17, 1978

DEAR SIR:

WE REFER TO OUR LETTER K/SNEL - 1231, DATED 20 JUNE 1978. IN  
THIS LETTER, WE REVIEWED THE EVENTS WHICH HAVE OCCURRED SINCE THE ONSET

OF THE PROBLEMS IN THE SHABA REGION ON 13 MAY 1978, AND WE PROPOSED  
CERTAIN ALTERNATE PLANS FOR CONSTRUCTION.

PLAN 3 WAS RECOMMENDED AS THE MOST ADVANTAGEOUS TO SNEL AS THE ONE  
WHICH WOULD INSURE COMPLETION OF THE PROJECT IN THE SHORTEST  
TIME WITH LEAST COST.

THE PROBLEMS OF FUNDING FOR THE INGA-SHABA PROJECT HAVE BEEN  
RECOGNIZED PREVIOUSLY, AND AN APPLICATION FOR ADDITIONAL LOANS  
IN THE AMOUNT OF 73,700,000 US DOLLARS WAS UNDER CONSIDERATION  
BY THE EXIM BANK.

WE ARE ADVISED THAT THE BANK HAS CEASED TO PROCESS THE APPLICATION  
AND HAS ADDRESSED A LETTER TO THE REPUBLIC, THROUGH THE ZAIRIAN  
AMBASSADOR IN WASHINGTON, D.C. REQUESTING INFORMATION AS TO THE IN-  
TENTIONS OF THE REPUBLIC IN CONNECTION WITH THE PROJECT AND ASKING  
FOR INFORMATION ON ADDITIONAL FUNDING REQUIRED BEYOND THE  
73,700,000 US DOLLARS NOW REQUESTED.

THE IMPLEMENTATION OF PLAN 3 REQUIRED THAT BRIDGING FINANCE BE MADE  
AVAILABLE, COMMENCING WITH PAYMENT OF 2,500,000 US DOLLARS, WHICH HAD  
PREVIOUSLY BEEN PROMISED TO BE PAID IN MAY.

IN VIEW OF EXIM BANK ACTION, THE ABSENCE OF BRIDGING FINANCE  
AND ANY COMMUNICATION ON THIS MATTER, IT APPEARS TO US THAT ADDITIONAL

FUNDING IS NOT LIKELY TO BE AVAILABLE WITHIN A TIME FRAME WHICH WILL  
PERMIT FOLLOWING THE RECOMMENDED PLAN 3.  
IN THESE CIRCUMSTANCES, AND IN THE ABSENCE OF ANY REPLY  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 KINSHA 08161 02 OF 03 271346Z

TO OUR LETTER, CIS IS PROCEEDING TO IMPLEMENT ALTERNATE PLAN 2.  
TO THE EXTENT POSSIBLE UNDER THE LIMITATIONS IMPOSED BY THE AVAILABLE  
US DOLLAR FUNDING, CIS INTENDS TO CONTINUE CONSTRUCTION TO A  
LOGICAL STOPPING POINT IN EACH OF SEVERAL AREAS, AND THEN TO TAKE STEPS

TO SCALE DOWN THE CONSTRUCTION OPERATIONS TO THE CARE AND  
MAINTENANCE OF THE HIGH TECHNOLOGY ITEMS OF PERMANENT PLANT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 KINSHA 08161 03 OF 03 271400Z

ACTION XMB-04

INFO OCT-01 AF-10 EUR-12 ISO-00 EB-08 COME-00 TRSE-00  
AID-05 SS-15 SP-02 NSC-05 CIAE-00 INR-10 NSAE-00  
DOE-15 SOE-02 OES-09 /098 W  
-----094119 271441Z /44

R 271250Z JUL 78

FM AMEMBASSY KINSHASA  
TO SECSTATE WASHDC 1112  
INFO AMEMBASSY BRUSSELS  
AMCONSUL BUKAVU POUCH  
AMCONSUL LUBUMBASHI

LIMITED OFFICIAL USE SECTION 3 OF 3 KINSHASA 8161

WE EXPECT THAT WE WILL BE ABLE TO:

1. CONTINUE LINE STRINGING INTO KANANGA SWITCH STATION.
2. CONTINUE CONSTRUCTION OF THE SPECIAL FOUNDATIONS AND TOWER  
ERECTION EAST TO THE LUBILASH RIVER.
3. ERECT THE SIDING AND ROOF OF ONE VALVE HALL AT KOLWEZI  
TO ENABLE IT TO BE USED AS A STORAGE WAREHOUSE FOR PERMANENT PLANT.

4. UNDERTAKE SOME LIMITED CONSTRUCTION AT INGA  
CONVERTER SITE INTO SEPTEMBER.

5. COMPLETE THE OIL FILLING AND PRESERVATION OF THE TRANS-  
FORMERS, REACTORS AND SIMILAR ITEMS AT INGA SITE.

6. GATHER UP AND STORE IN CENTRAL LOCATIONS THE MATERIALS PRE-  
SENTLY AT KIKWIT AND KALONDA.

IN THIS MANNER, CONSTRUCTION WORK ON THE PROJECT WILL BE REDUCED IN  
AN ORDERLY MANNER, WITH APPROXIMATELY 2,000,000 US DOLLARS REMAINING  
IN NOVEMBER, WHICH WILL, WE ESTIMATE, BE SUFFICIENT TO PROVIDE FOR  
CARE AND SECURITY OF THE SPECIAL EQUIPMENT THROUGH 1979, AND  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KINSHA 08161 03 OF 03 271400Z

PROVIDE THE ABILITY TO RESTART CONSTRUCTION OPERATIONS AT SUCH TIME AS

FUNDS ARE MADE AVAILABLE.

IN THE IMPLEMENTATION OF THIS PROGRAM, IT IS FORESEEN THAT THE LABOR  
FORCE, BOTH EXPATRIATE AND ZAIRIAN, WILL BE REDUCED SUBSTANTIALLY.  
THIS ACTION, AND THE ACTION TO RECRUIT THE PERSONNEL LATER, WILL RESULT  
IN CONSIDERABLE EXTRA COST TO THE PROJECT.

THE PRESENT ZAIRIAN LABOR FORCE IS APPROXIMATELY 1,350 PERSONS.  
WE FORESEE THAT THIS FORCE WILL BE REDUCED TO ABOUT 250 PERSONS,  
A REDUCTION OF 1,100 PERSONS. TERMINATION PAY WILL BE ABOUT 400,000  
ZAIRES.

THE PRESENT EXPATRIATE LABOR FORCE IS 243 PERSONS. THIS WILL BE  
REDUCED TO LESS THAN 50 PERSONS, A REDUCTION OF  
APPROXIMATELY 200. THE COST OF DEMOBILIZING AND REMOBILIZING LATER  
IS ESTIMATED TO BE 800,000 US DOLLARS.

ALL OF THESE COSTS ARE ADDITIONAL COSTS WHICH HAVE TO BE BORNE  
BY THE PROJECT.

WE ARE READY TO DISCUSS THESE PROBLEMS WITH YOU AT ANY TIME AT  
YOUR CONVENIENCE. SIGNED NEVILLEX G. ADAMS  
UNQUOTE  
CUTLER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POWER TRANSMISSION LINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978KINSHA08161  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780308-0397  
**Format:** TEL  
**From:** KINSHASA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780715/aaaaamgh.tel  
**Line Count:** 372  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 623cd76b-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION XMB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 7  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 174848  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 27 apr 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1870317  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INGA-SHABA TRANSMISSION  
**TAGS:** EFIN, CG  
**To:** STATE  
**Type:** TE  
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/623cd76b-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014